

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 STR-05 COME-00 INT-05 TRSE-00

CIAE-00 INR-07 NSAE-00 PA-01 PRS-01 USIA-06 /046 W

-----079464 140147Z /66

R 131715Z SEP 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 7141

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

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USEEC ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ETRD, EEC, IT

SUBJECT: STEEL TRADE

REF: (A) STATE 213428, (B) ROME A-297

1. ITALY DOES NOT HAVE GOVERNMENT TO GOVERNMENT STEEL TRADE BILATERALS. THE LAST ONES EXPIRED IN 1974 AND THE EC IS NOW RESPONSIBLE FOR SUCH BILATERALS.

2. ACCORDING TO DR. GRANDI, DIRECTOR GENERAL OF ASSIDER, THE LARGEST ITALIAN ASSOCIATION OF STEEL PRODUCERS, THE MINISTRY OF INDUSTRY STILL PLAYS A ROLE IN APPROVING "TECHNICAL AGREEMENT" THAT AMOUNT TO PRIVATE CONTRACTS TO SELL ITALIAN STEEL PRODUCTS TO STATE TRADING OR OTHER AGENCIES OF EASTERN EUROPEAN GOVERN-
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MENTS. APPROVAL AND TERMS OF THESE AGREEMENTS ARE PUBLISHED IN THE GOI'S OFFICIAL GAZZETTE. MOST OF THEM ARE BARTER ARRANGEMENTS. AN ENUMERATION OF THEM WOULD REQUIRE CONSIDERABLE RESEARCH. MINISTRY OF INDUSTRY OFFICIALS WERE UNWILLING OR UNABLE TO PROVIDE A LIST OF SUCH AGREEMENTS.

3. MINISTRY OF FOREIGN TRADE OFFICIALS WERE GENERALLY UNWILLING TO ASSESS THE EFFECTS OF THE DAVIGNON PLAN ON ITALY'S TRADE IN STEEL ON THE GROUNDS THAT THE PLAN HAS BEEN IN EFFECT ONLY SINCE MAY. THE MINISTRY'S CHIEF EXPERT ON STEEL CLAIMED THAT THE PRESSURE OF STEEL IMPORT SUPPLY ON ITALY'S STEEL INDUSTRY HAD NOT BEEN RELIEVED PERCEPTIBLY BY THE PLAN DESPITE THE RECENT AVERAGE 10 PERCENT TO 15 PERCENT INCREASE OF MINIMUM REFERENCE PRICES. HE AND OTHER MINISTRY OFFICIALS CITED A RECENT IMPORT SURGE OF STEEL COILS FROM FRANCE, SWITZERLAND AND EASTERN EUROPEAN COUNTRIES. IMPORT PRICES HAVE BEEN UP TO 25 PERCENT LOWER THAN THE EC REFERENCE PRICE ON STEEL COILS. ITALIAN IMPORTERS OF STEEL PRODUCTS ARE RESORTING TO LABELLING SOME STEEL PRODUCTS AS LOWER QUALITY THAN THEY ARE AS A WAY AROUND REFERENCE PRICES.

4. ITALIAN WEEKLY, ESPRESSO, RECENTLY PUBLISHED AN ARTICLE CHARGING THAT THE SMALL BUT EFFICIENT STEEL PRODUCERS IN THE REGION OF BRESCIA WERE CONTINUING TO SELL STEEL CONSTRUCTION RODS AT 150 TO 170 LIRE PER KILO DESPITE THE EC MANDATORY MINIMUM PRICE OF 190 LIRE PER KILO ON SMOOTH RODS (AND 215 LIRE PER KILO ON RIDGED RODS). THEIR METHOD IS REPORTEDLY TO SPECIFY THE EC MINIMUM PRICE IN CONTRACTS HAVING CLAUSE THAT PROVIDES A 10 LIRE PER KILO DISCOUNT FOR EVERY DAY OF DELAYED LIMITED OFFICIAL USE

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DELIVERY. THE RODS ARE ALWAYS DELIVERED WITH FOUR TO FIVE DAYS DELAY. AN OFFICER OF INDUSTRIE SIDERURGICHE ASSOCIATE (ISA), OF WHICH SOME BRESCIAN FIRMS ARE MEMBERS, TOLD THE EMBASSY THAT HE COULD NOT CONFIRM OR DENY THIS PRACTICE, BUT HE COULD AFFIRM THAT THE EC MINIMUM PRICE WAS TOO HIGH.

5. INDUSTRY AND GOI OFFICIALS DO NOT BELIEVE THAT THE SECOND PART OF THE DAVIGNON PLAN, TO RESTRUCTURE THE EC STEEL INDUSTRY, WILL ALTER ITALY'S STEEL TRADE BALANCE SIGNIFICANTLY. THEY GENERALLY EXPECTED ITALY'S STEEL PRODUCTION CAPACITY TO REMAIN STABLE OVER THE NEXT FEW YEARS AS SOME INEFFICIENT PLANTS ARE CLOSED DOWN. FEW, HOWEVER, EXPECTED SIGNIFICANT STEEL COST REDUCTIONS IN ITALY.

6. FOR ADDITIONAL BACKGROUND SEE REF B. GARDNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 13-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: ROME USEEC
Handling Restrictions: n/a
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TAGS: ETRD, IT, EEC
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